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ABSTRACT

The Indian and Migrant Programs Division awarded a grant to an Indian-owned corporation to develop and help put into nationwide operation its specialized program of training and technical assistance. Due to congressional requests based on a constituent's complaint, a review was conducted to determine: the type of services provided to the projects; how project personnel felt about the benefits of the services to the projects; whether project personnel felt other services were needed; the role of local Head Start project officials in determining the types of services to be provided; and how the Division evaluated the corporation's performance. The review included: discussions with officials of the corporation, the Division, and the Office of Indian Child Services in Billings, Montana; an examination of their records; and interviews with project directors, facilitator/trainers, other personnel, and representatives of the Offices of Indian Child Services in South Dakota, Washington, Minnesota, and Illinois. Findings included: the majority of the project directors were satisfied with the corporation's services and believed that they were needed and usable; a major criticism was the lack of local input; and the main criticism by local projects appeared to be that they could not control and utilize available funding resources to solve local problems. (NQ)

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REPORT OF THE COMPTROLLER GENERAL OF THE UNITED STATES

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Services To Indian Head Start Grantees Under A Special Program

Office of Child Development
Department of Health, Education, and Welfare

The Indian and Migrant Programs Division awarded a grant to an Indian-owned corporation to develop and help put into nationwide operation its specialized program of training and technical assistance.

The report discusses the need to (1) evaluate those services, (2) determine the most effective method of providing the services, and (3) improve grant administrative practices of the Division.

U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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RC009837

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-164031(1)

The Honorable Lee Metcalf
United States Senate

The Honorable John Melcher
House of Representatives

Pursuant to your requests of April 30, 1975, and May 1, 1975, respectively, and subsequent discussions with your offices, we reviewed the training and technical assistance services provided to Indian Head Start grantees under a grant to the Native American Technical Assistance Corporation.

As agreed with your offices, we requested written comments from the Department of Health, Education, and Welfare and the corporation on a draft of this report. The Department's comments are discussed in the report and are included as appendix IV. The corporation characterized the report as "adequate" and chose not to make further comment.

As agreed with your offices, we are sending a copy of this report to Representative Augustus F. Hawkins.

This report contains recommendations to the Secretary of Health, Education, and Welfare, which are set forth on pages 15 and 21. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House and Senate Committees on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We will be in touch with your offices to arrange for the release of the report so that the requirements of section 236 can be set in motion.

Comptroller General
of the United States

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ABBREVIATIONS

GAO	General Accounting Office
HEW	Department of Health, Education, and Welfare

COMPTROLLER GENERAL'S REPORT
TO THE HONORABLE LEE METCALF
UNITED STATES SENATE AND
THE HONORABLE JOHN MELCHER
HOUSE OF REPRESENTATIVES

SERVICES TO INDIAN HEAD START GRANTEES UNDER A SPECIAL PROGRAM

Office of Child Development
Department of Health, Education, and Welfare

D I G E S T

This report concerns training and technical assistance services provided to Indian Head Start projects in Montana, Wyoming, and Idaho by the Native American Technical Assistance Corporation. The services were financed by a Federal grant and GAO found weaknesses in the grant's administration.

The Head Start program is an experimental-demonstration program providing health, nutrition, social, and other services primarily to economically disadvantaged preschool children, their families, and their communities.

The Indian Migrant Programs Division of the Office of Child Development in the Department of Health, Education, and Welfare (HEW) awarded a grant to the Native American Technical Assistance Corporation to develop and help put its program of specialized training and technical assistance into nationwide operation. The corporation is Indian-owned and based in Albuquerque, New Mexico. It provides professional consultant services to help Indian tribes, communities, organizations, and individuals achieve self-determination. (See pp. 2 and 3.)

The majority of Indian Head Start directors in Montana, Wyoming, and Idaho were satisfied with the corporation's services and considered them needed and usable. Head Start personnel were satisfied with the services provided, but criticized the lack of local input for developing the services. During fiscal year 1975 the Division used various means to obtain local input for its specialized training plan.

Tear Sheet. Upon removal, the report cover date should be noted hereon.

The main criticism by local projects appears to be that they cannot control and use available Head Start grant money to solve local problems. The Division has allocated increasing portions of specialized training funds, through the Offices of Indian Child Services, to give local projects an opportunity to do this. The Division has also used the corporation to help conduct the specialized training.

However, the five Offices of Indian Child Services disagreed about the desirability or their capability to provide specialized training services. The Division is currently assessing the role of the five offices. An evaluation of the best method of providing assistance in operating the specialized training and technical assistance program has not yet been conducted.

Deviations between the corporation's budgeted and actual costs and planned and performed tasks occurred without the Division's written agreement. Instead, the Division verbally authorized changes.

In some instances, services were not performed to the extent planned; in others, services beyond those planned were delivered; and in still others, services planned were not provided.

Because of insufficient documentation, GAO could not determine, and the Division and the corporation could not satisfactorily demonstrate, the extent to which certain services were furnished by the corporation.

The Division's reliance on verbal agreements and informal authorizations led it to depart from normal Office of Human Development grant procedures.

RECOMMENDATIONS

The Secretary of HEW should direct the Office of Child Development to:

--Make sure the Division's review of its specialized and general training and technical assistance programs includes an evaluation of the most effective method of providing assistance, and that the evaluation's findings are implemented. (See p. 15.)

--Take the necessary steps so that sufficient documentation is maintained on services planned and provided under a grant to permit strengthening of management practices and to provide a basis for evaluating such services. (See p. 21.)

--Take the necessary steps to insure that the grant mechanism is not utilized to meet perceived staffing shortages. (See p. 21.)

Also, the Secretary should direct the Office of Grants and Procurement Management to revise its grant guidelines to specifically state what constitutes a change in scope of a grant. Such changes should be adequately documented and written approvals obtained to insure the proper execution of and reimbursement for such services under the grant. (See p. 21.)

AGENCY COMMENTS AND OUR EVALUATION

HEW agreed with GAO's recommendations. However, because of the broad range of HEW programs, HEW does not consider it feasible or useful to develop a HEW-wide definition as to what constitutes a change in scope of a grant. (See app. IV.)

GAO agrees that it may not be feasible to develop guidelines which would adequately define for all HEW programs what constitutes a change in scope of a grant. However, steps need to be taken to avoid the reoccurrence of situations discussed in this report.

HEW said that a recently published addition to its Grants Administration Manual, detailing grants officers' responsibilities, would help alleviate the cited problems pertaining to changes in the scope of a grant. GAO

Tear Sheet

believes that this addition could be strengthened by including, in the grants officers' responsibilities, instructions to provide to their program counterparts guidance and/or examples as to what constitutes a change in scope of a grant for that program.

The Native American Technical Assistance Corporation, in an August 4, 1976, letter said that this report is "adequate" and that further comments would be redundant.

CHAPTER 1

INTRODUCTION

In accordance with requests received from Senator Lee Metcalf and Representative John Melcher, dated April 30, 1975, and May 1, 1975, respectively (see app. I), and subsequent agreements with their offices, we reviewed the relevancy of training and technical assistance services provided by a corporation during fiscal year 1975 to Indian Head Start projects in Montana, Wyoming, and Idaho. The congressional requests were based on a constituent's letter of complaint, which alleged that training and technical assistance services provided to local projects were neither usable nor needed. The Indian Head Start program is administered by the Indian and Migrant Programs Division; Office of Child Development; Department of Health, Education, and Welfare (HEW).

HEAD START PROJECTS FOR INDIANS

The Head Start program is an experimental-demonstration program providing health, education, nutrition, social, and other services primarily to economically disadvantaged preschool children, their families, and their communities. Head Start grantees, usually local nonprofit organizations, such as community action agencies, school districts, and Indian tribes, also receive funds for training and technical assistance.

The Indian and Migrant Programs Division funds about 90 local Indian and Migrant Head Start projects nationwide. Also, the Division provides funds for general training and technical assistance to eight Offices of Indian Child Services. These offices, composed of representatives from local Indian Head Start projects in a specific geographic area, were established early in the Head Start program to provide general training and technical assistance to the local Indian Head Start projects to help them meet program objectives and improve their overall Head Start effort.

Training and technical assistance to local Head Start projects consists of (1) general training and technical assistance and (2) a program of specialized training and technical assistance designed to increase the competency of Head Start project staff. This specialized training program, named the Child Development Associate program, aims at providing Head Start staff with training skills directly related to teaching Head Start children. The Indian and Migrant Programs Division utilized the Native American Technical Assistance

Corporation to develop and help implement its program of specialized training and technical assistance.

THE CORPORATION'S PARTICIPATION IN THE HEAD START PROGRAM

The Native American Technical Assistance Corporation is an Indian-owned firm based in Albuquerque, New Mexico. The corporation was established in 1970 to provide professional consultant services to assist Indian tribes, communities, organizations, and individuals achieve self-determination.

In 1972 the Indian and Migrant Programs Division awarded a grant to the corporation to oversee and coordinate the Division's specialized training program. The Division director said that one of the corporation's responsibilities was to evaluate training and technical assistance provided by a university to various Indian Head Start projects. In 1972 and 1973 the university received grant funds totaling $154,720 to provide such services. The corporation and Division concluded that the university was not fulfilling its responsibility under the grant. Subsequently, the university was discontinued as a grantee. The corporation continued to oversee and coordinate the specialized training program. A Division official said that the corporation was chosen as a grantee because of its previous experience with Indian programs and its good record with other Federal agencies. Through fiscal year 1974 the corporation received a grant and grant supplements totaling $140,724 from the Division.

In January 1974 the corporation and the Division jointly developed a work outline for an anticipated fiscal year 1975 grant to the corporation. On June 29, 1974, the Division awarded the corporation a basic grant and two grant supplements totaling $182,553.

Under the basic grant of $157,553, the corporation was to assist during fiscal year 1975, 30 Indian Head Start projects located nationwide in understanding, planning, and implementing a program of specialized training to Head Start classroom staff members. This program is designed to improve the quality of preschool programs for children. Specifically, the services planned for fiscal year 1975 included (1) training and orientation sessions for Head Start project staffs, (2) publication of a monthly newsletter on matters related to the program of specialized training, and (3) the utilization of facilitator/trainers. The facilitator/trainers were selected by the projects to observe and evaluate classroom staffs working with children and provide feedback and help

in improving the competency of staff primarily responsible for preschool children. The grant was also to provide for one field representative whose duties were not described.

The corporation also received a supplemental grant of $10,000 to train Head Start staffs in identifying and reporting instances of child abuse and preparing procedures for dealing with such abuse. A second supplement of $15,000 was received by the corporation to train Head Start staffs and parents in identifying, screening, and dealing with handicapped children in the classroom and in the home. Chapter 2 details the services the corporation provided to Head Start projects for Indians.

SCOPE OF REVIEW

Pursuant to the congressional requests and agreements with the requestors' offices, we reviewed the fiscal year 1975 grant to the corporation to determine:

--The type of services provided to Indian Head Start projects in Montana, Wyoming, and Idaho.

--How project personnel felt about the benefits of such services to the projects, including the relevancy of the services in terms of whether they were needed and usable.

--Whether project personnel felt other services were needed.

--The role of local Head Start project officials in determining the types of services to be provided.

--How the Division evaluated the corporation's performance.

Our review included (1) discussions with officials of the corporation, the Division, and the Office of Indian Child Services located in Billings, Montana, and (2) an examination of their records. This Office of Indian Child Services oversees training and technical assistance activities of 11 Indian Head Start projects in Montana, Wyoming, and Idaho. We interviewed Head Start personnel at 10 of these projects, including the 10 directors, 3 of which were also serving as facilitator/trainers; 5 other facilitator/trainers; and other Head Start personnel. We also contacted representatives of four other Offices of Indian Child Services in South Dakota, Washington, Minnesota, and Illinois.

As requested, we also prepared a list of national Head Start training and technical assistance providers during fiscal years 1974 and 1975. (See app. III.)

CHAPTER 2

SERVICES UNDER A SPECIAL PROGRAM TO HEAD START PROJECTS FOR INDIANS

At the 10 projects we visited, local Indian Head Start project personnel were generally satisfied with the services provided by the Native American Technical Assistance Corporation and found them needed and usable. However, project personnel had limited input to the services proposed and provided. This and the desire to control and utilize the available funds appear to be the real issues behind the letter of complaint from a director of an Indian Head Start project. The Indian and Migrant Programs Division has not formally evaluated the services provided by the corporation. It is reviewing its specialized program of training and technical assistance, which is to include (1) an assessment of how the Offices of Indian Child Services have fulfilled their responsibilities under the program and (2) an evaluation of the best methods of providing specialized services.

SERVICES PROVIDED TO INDIAN HEAD START PROJECTS IN MONTANA, WYOMING, AND IDAHO

Because of certain weaknesses in the Division's grant administration practices we were unable to determine conclusively the extent to which certain services were provided by the corporation to the Head Start projects. Chapter 3 discusses these weaknesses in detail. The following describes the services we were able to identify.

Training sessions

The corporation sponsored eight workshops or training sessions for Head Start personnel from Montana, Wyoming, and Idaho projects at a total cost of $15,121. These sessions provided guidance to local project personnel on various aspects of the Head Start specialized training program. For five of these sessions, the corporation employed consultants to conduct the sessions and paid the travel costs of persons attending. For the remaining three sessions, the corporation paid only the travel costs of participants; consultants were furnished by other Department of Health, Education, and Welfare contractors.

The corporation's program director said that he served as a consultant at four of the eight sessions and that he helped the projects establish the content of and coordinate activities

for six sessions. The remaining two sessions were conducted by another private firm under contract with HEW. The corporation notified project officials of these two sessions.

Use of facilitator/trainers

During fiscal year 1975 the corporation paid a total of $15,750 to 9 of 11 projects in Montana, Wyoming, and Idaho for the services of facilitator/trainers. According to the corporation's program director, the remaining two projects were provided with a facilitator/trainer by a university. Funds for this facilitator/trainer came from the Office of Indian Child Services.

Field representatives

Four field representatives and two other persons were employed under the corporation's fiscal year 1975 grant. The field representatives served as liaisons between local projects and Division headquarters; reviewed the local projects' Head Start performance standards; and provided them with technical assistance in the educational, nutritional, administrative, and social service components of the Head Start program. The field representatives, who worked out of Division headquarters, also processed budget applications, participated in program funding decisions, and performed administrative duties in the Head Start program. The remaining two persons worked on other Head Start related projects for the Division. The salaries and travel expenses of these six persons totaled $78,146. (See pp. 19 and 20.)

Monthly newsletter

The monthly newsletter to be provided under the 1975 grant was never published. The corporation's program director said that the program of specialized training for the local Head Start projects had not progressed sufficiently to provide information worthy of publication.

Supplemental grants

Regarding the two grant supplements (one for $15,000 and one for $10,000), training and technical assistance services were not provided to local projects in the handicapped and child abuse areas. Instead, according to Division and corporation officials, the corporation, through verbal agreement with the Division, used the supplemental grant funds for research and information gathering.

BENEFITS RECEIVED FROM SERVICES PROVIDED

We interviewed local project and Office of Indian Child Services personnel regarding the benefits received from the services provided by the corporation, including the relevancy of the services in terms of whether they were needed and usable. Local project personnel at the 10 projects visited were generally satisfied.

Training sessions

Most participants we interviewed said the training sessions were needed and they were able to use material learned at the sessions. The benefits they mentioned included:

--Sharing common ideas and problems with others.

--Developing better relations among staff members.

--Becoming familiar with the specialized training program.

Most participants also said they preferred obtaining the material through this technique and they could think of no other consultants who should have been used. A majority of project directors and facilitator/trainers who participated in four of the training sessions said that the corporation contributed to the sessions' effectiveness by helping with the planning, selecting consultants, and making presentations. However, a majority of those who participated in the other four sessions said that the corporation provided only funding.

Facilitator/trainer program

Of the 15 Head Start directors and facilitator/trainers we interviewed, 14 said that the facilitator/trainer program was an effective method to implement the specialized training program for Head Start staff and that they found this method needed and usable. Eleven of the directors and facilitator/trainers said that the corporation's financial support was all that was needed for the program.

Field representative

Of the 15 Head Start directors and facilitator/trainers we interviewed, 2 said they had no contact with the field representative assigned to the Montana, Wyoming, Idaho area. Most of the other 13 said his services were needed and usable. They said that he:

--Assisted programs in budget matters.

--Provided the projects with a contact point at the Division.

--Provided answers to questions raised at the Head Start projects.

SERVICES NEEDED BUT NOT PROVIDED

Generally, local project personnel felt that services provided by the corporation were needed. There was no consensus among them on services needed but not provided. Comments by project personnel were directed, not to the types of services provided but, to the degree to which they were provided.

Training sessions

We interviewed 33 Head Start project personnel who attended corporation training sessions during fiscal year 1975 and solicited their comments on the sessions' adequacy and the need for covering additional topics. Twenty-two said that the coverage was adequate at the sessions they attended. Although the remaining 11 felt that additional topics needed to be covered, no more than 2 participants mentioned the same topic.

Facilitator/trainer program

Of 15 Head Start project directors and facilitator/trainers we interviewed about the adequacy of the facilitator/trainer program, 7 said that no changes were needed. The remaining eight felt that expanded facilitator/trainer services were needed. Specifically, they said that:

--Facilitator/trainers need more training.

--Assistants should be provided to aid facilitator/trainers.

--Full-time, rather than part-time facilitator/trainers are needed.

The corporation's program director said that because of limited funds at both the corporation and the Division, the facilitator/trainer program has not been expanded.

Field representatives

Most directors and facilitator/trainers we interviewed said that field representatives should make more frequent visits, spend more time at the projects during visits, or be located closer to the projects to provide more assistance in Head Start areas. Responding to an earlier recommendation from the project directors that representatives be located closer to the projects, the Division's director said that previous attempts had been unsuccessful because of the need for field representatives to perform administrative responsibilities and participate in funding decisions at Division headquarters. The corporation's program director said that limited funds has prevented more frequent visits to Head Start projects.

INPUT TO SERVICES PROPOSED AND PROVIDED

Before fiscal year 1975, Indian Head Start project personnel had limited input to the services proposed and provided by the corporation. It appears, however, that this did not adversely affect the services received, since most project personnel believed that the services were needed and usable.

Input to services proposed

The Office of Indian Child Services' personnel and Head Start training grantees were informed in September 1973 that a corporation employee, under Division supervision, would assist in planning for the transition from a traditional to a new specialized training program. The corporation was performing under another Division grant at that time. By December 1973 a draft plan for specialized training had been developed. In formalizing the draft plan, the Division solicited written comments from the Offices of Indian Child Services. The director of one office stated that he submitted comments based on responses from Indian Head Start personnel in his region.

The corporation's program director said:

--In January 1974 he and a Division employee developed a work outline for an anticipated grant to the corporation in fiscal year 1975.

--The specific services to be provided were not discussed in detail in the subsequent grant proposal because this allowed greater fund use flexibility.

--The services included in the proposal were selected after discussions with Division and project personnel and consultants.

The corporation's grant proposal narrative was distributed to the directors of the Offices of Indian Child Services on June 26, 1974, 3 days before the grant became effective. Neither the 10 Head Start project directors we contacted nor the 5 Offices of Indian Child Services directors participating in the Division's specialized training program provided any direct input to the services proposed for their projects.

Project directors in the Montana, Wyoming, and Idaho area said they wanted to have, at a minimum, review and revision authority for services they were to receive.

Local input to services provided

The majority of Head Start directors and facilitator/trainers we interviewed stated that they had either requested or agreed on the content of four of eight training sessions funded by the corporation in fiscal year 1975. The director of the Office of Indian Child Services serving Montana, Wyoming, and Idaho said that he planned two of the other four training sessions. Project personnel provided no input to the remaining two sessions, which were conducted by a private firm under contract with the Office of Child Development.

All the Head Start directors and facilitator/trainers we interviewed said that they had not suggested the facilitator/trainer approach to implementing the specialized training program. However, they were generally satisfied with services provided under this approach and by the field representative.

Local level input was also obtained by using training and technical assistance needs assessment questionnaires. The Division sent them to local projects in February 1975, requesting the projects to identify training and technical assistance needs and how the needs should be provided for the 1975-76 school year. The questionnaire was to assess the need for training and technical assistance in relation to the following objectives:

--Achieving compliance with Head Start performance standards.

--Achieving the mandate for serving handicapped children.

--Strengthening local management and planning capacity.

Ad hoc planning committee

During fiscal year 1975 an ad hoc committee was established by the Division to develop plans for the program of specialized training for the balance of fiscal year 1975 and fiscal year 1976. The committee, consisting of representatives from the Division, the corporation, and the directors of the five Offices of Indian Child Services participating in the training program, met four times during fiscal year 1975.

The input provided on behalf of the local Indian Head Start projects is questionable because of the sporadic attendance at these sessions by representatives of the Offices of Indian Child Services. The offices were not fully represented at any of the four meetings; one director said he attended only one of the meetings. The reasons he stated for not attending meetings included:

--Excessive costs to attend a 1-day session.

--Planning needed to be done with the local projects, since plans must be individualized to meet program needs.

The Division director said that these meetings were an opportune time for the Offices of Indian Child Services to provide input to the specialized training program.

In fiscal year 1976 the committee was enlarged to include Office of Indian Child Services' representatives who work with the specialized training program. As of March 1976 the committee had met twice in fiscal year 1976.

EVALUATION OF SERVICES PROVIDED

Our review of the 1975 grant to the corporation showed that the Division did not perform a formal evaluation of the services provided but, instead, relied on informal means. Although the Division had chosen in the past to utilize the corporation to evaluate specialized training services provided by a university, such an evaluation was believed to be no longer necessary. A Division official stated that the Division maintained a good working relationship with the corporation staff and that the staff was accessible and open to any Division suggestions or complaints.

The corporation's grant proposal provided for a session conducted by it to evaluate the facilitator/trainer program after 6 months of operation. Details on who would participate in the session, how the evaluation would be made, and who would make it were not stated.

The project directors and facilitator/trainers we contacted stated that no such session took place. According to the corporation's program director, this evaluation was made by a Division official at two training sessions attended by representatives from nine Head Start projects in Montana, Wyoming, and Idaho. A Division official said that when training sessions were first conducted, Division staff were required to attend to become familiar with what was offered and to assure that the sessions ran smoothly. Once the sessions were underway, Division staff did not attend.

Division officials informed us that they asked training session participants to evaluate the sessions at their conclusion. We reviewed a sample of these critiques, which were subjective in format, and found that most responses were favorable.

THE REAL ISSUE

The congressional requests to undertake this review were prompted by a letter of complaint from the director of an Indian Head Start project. The letter stated that training and technical assistance services provided to local projects by private firms "* * * are not rendered in any usable fashion, and many times are not even deemed needed by local agencies." In a letter to one of his congressional representatives, this position was unanimously supported by an association of 11 Indian Head Start directors in Montana, Wyoming, and Idaho, including the complainant. The reference to private firms was directed at the corporation.

We discussed the position with 10 of the directors, including the complainant. Only two, besides the complainant, stated that they were dissatisfied with the corporation's services. One of these two believed that the corporation duplicated the work of the regional Office of Indian Child Services and that communication with the corporation was poor. The other said that one workshop and a portion of another were unneeded.

Two other directors said that they supported the position presented in the complainant's letter because, in their opinion, they should have received expanded facilitator/trainer

or field representative services. Four directors gave the following reasons for supporting the letter:

--One prefers that the Office of Indian Child Services provide the services.

--Another cited a need for local project input to the services that should be provided.

--A third, who had no experience with the corporation, supported the letter. However, after receiving corporation services the director no longer supports the letter.

--A fourth was merely supporting the concerns of fellow directors.

Another director did not support the letter's position and could not remember voting for it.

The Head Start director who had written the letter of complaint said that of the two corporation-funded workshops he attended, only a portion of one was not necessary for his project. Furthermore, he felt that the facilitator/trainer program was needed and usable but did not believe the field representative benefited his project because of the limited time spent at the project.

Possibility of services being provided by Offices of Indian Child Services

In a subsequent letter to the Division's director, the complainant stated that:

> "The real issue which I feel concerned with, is * * * local programs should be allowed to assess their needs, and control and utilize the available funding resources to attack and solve these problems."

He added that the local Office of Indian Child Services' director and other local projects in the area did not see the need for the corporation and believed that the Office of Indian Child Services could have provided the specialized training services.

We discussed this position with 10 project directors and 7 agreed with it. We also contacted five directors of Offices of Indian Child Services. All five believed that they could have provided these services, but only two wanted the added responsibility. Three of these offices felt that they could provide these services with little or no increase in their administrative expenses. The estimated overall cost would be less than that incurred by the corporation.

The Division has recognized that local projects should be able to assess their needs and control and utilize funds to solve local problems. Accordingly, since fiscal year 1974, the Division has allocated increasing portions of the specialized training funds to projects through the Offices of Indian Child Services. This has allowed local projects to purchase additional desired services. This approach is aimed at increasing local projects' capacity to plan and implement local training and technical assistance priorities based on assessed needs.

The Division director said, however, that (1) the need existed for the corporation, independent of local projects, to evaluate and critically assess the local grantees' specialized training program plan and (2) the Division must make the final assessment of the best alternative method of providing such services.

During fiscal year 1976, the Division initiated a review of its specialized training program and its general training and technical assistance provider system. Results are expected in late summer 1976. The objectives of the review of the specialized training program include assessing how the Offices of Indian Child Services have fulfilled their responsibilities under the program and evaluating the best method of providing specialized training and technical assistance services. The assessment of the Offices of Indian Child Services is being performed; the evaluation of the best method of providing assistance in implementing the specialized training and technical assistance programs has not yet been conducted.

CONCLUSIONS

The majority of Indian Head Start directors in Montana, Wyoming, and Idaho were satisfied with the corporation's services and believed that they were needed and usable. Comments by Head Start personnel dealt with the extent to which services were provided rather than the need for additional services. Although the directors supported a letter criticizing

the relevancy of services provided, most did so for reasons unrelated to this.

Although Indian Head Start personnel were satisfied with the services provided, a major criticism was the lack of local input. During fiscal year 1975 the Division used various means to obtain local input in developing its specialized training program plan.

The main criticism by local projects appears to be that they can not control and utilize available funding resources to solve local problems. The Division has allocated increasing portions of specialized training funds through the Offices of Indian Child Services to give local projects an opportunity to do this. The Division has utilized the corporation to assist in implementing the specialized training program. However, the five Offices of Indian Child Services disagreed about the desirability or their capability to provide such services. The Division is assessing the role of the Offices of Indian Child Services in the specialized training program. An evaluation of the best method of providing assistance in implementing the specialized training and technical assistance program has not yet been conducted.

RECOMMENDATION TO THE SECRETARY OF HEW

We recommend that the Secretary of HEW direct the Director, Office of Child Development, to insure that the Division's review of its specialized and general training and technical assistance programs include an evaluation of the most effective method of providing assistance in implementing the specialized training and technical assistance program and that the findings of the evaluation are implemented.

AGENCY AND CORPORATION COMMENTS

In a September 8, 1976, letter (see app. IV), HEW agreed with the above recommendation and stated that the Division was assessing its specialized training program. Based on the assessment, conclusions will be reached on the need for assistance in implementing the program and the best method of delivering such assistance. This assessment will form the basis for the fiscal year 1977 operating plan. A further evaluation of the need for such assistance is to be made during fiscal year 1977.

In an August 4, 1976, letter, the Native American Technical Assistance Corporation did not comment on the report's recommendations.

CHAPTER 3

WEAKNESSES IN GRANT ADMINISTRATION

For fiscal year 1975 the Native American Technical Assistance Corporation received a basic grant and two grant supplements totaling $182,553 from the Indian and Migrant Programs Division. Also, a corporation official said that he expected an additional $15,000 grant from the Division. At the time of our fieldwork, corporation records showed that all but $77 of $197,553 had either been spent or obligated.

In reviewing the 1975 grant, we noted that the Division's grant administrative practices permitted significant deviations from the original intended use of funds without formal approval or sufficient documentation as to specific services provided. As a result, we were unable to determine, in certain instances, the extent to which services were provided by the corporation. In addition, the corporation, following discussions with the Division concerning the availability of funds, provided additional services not formally authorized. The Division then departed from normal Office of Human Development grant procedures to pay for the corporation's services. Also, the Division has supplemented its staffing through the use of grantee personnel to perform certain Division functions.

In our opinion, improved management practices, such as sufficiently documenting services planned and provided and adhering to written authorized procedures should help eliminate such weaknesses.

NEED TO PRECISELY DEFINE PURPOSE AND USE OF GRANT FUNDS

The corporation's initial 1975 grant proposal called for $119,533 in funding. Shortly thereafter, the Division notified the corporation of the availability of an additional $38,000. It was mutually agreed that the additional funds would be used to extend the 6-month facilitator/trainer program over the second half of the year. However, the amount allocated to facilitator/trainers' fees in the revised budget was increased by only $17,996. The remaining amount was distributed among other budget categories, including $6,000 in a contingency category. The same narrative proposal that was initially submitted was forwarded to the Division for the increased grant.

We noted several differences between the corporation's estimated costs and actual expenditures for direct services under the basic grant. The corporation estimated direct services costs of $66,672 for Head Start project seminars, facilitator/trainer fees and travel, an assessment of the facilitator/trainer program and the program of specialized training, and unspecified costs for six issues of a monthly newsletter. According to the corporation's records, $57,265 was actually spent on direct services. This amount included $19,500 for facilitator/trainers ($39,996 had been budgeted for this activity), $6,493 for two workshops which were substituted for the assessment sessions and a seminar for all programs, and $31,272 for various sessions and consulting services. The corporation's program director said the monthly newsletter was not published because projects had not progressed to a point where distributing information about them would be worthwhile.

The corporation's approved budget for the basic grant also provided $12,899 for assistance from one field representative; there was no further allowance for such costs in either the basic grant proposal or the supplemental grants. The corporation, however, provided funding for three additional field representatives and two other employees to work on other projects for the Division. The field representatives functioned as community representatives, positions normally filled by Department of Health, Education, and Welfare personnel.

The Office of Human Development's basic grant terms and conditions, accompanying the corporation's fiscal year 1975 basic grant, state, in part: "Budget category transfers which change the scope of the project require OHD [Office of Human Development] approval regardless of the dollar amount." These terms and conditions, however, do not specify what constitutes a change of scope or if written approval is required. The basic grant terms and conditions also provide that the Office of Human Development's "* * * prior approval is required whenever the revision exceeds the flexibility guidelines stated in the Head Start Application Instructions." Our review of the actual expenditures incurred under the grant compared with the approved budget showed that the flexibility guidelines were exceeded. These guidelines, however, do not specifically state that such revisions require written approval. Appendix II contains the approved budget and actual expenditures by the corporation.

The corporation's program director said he had no records of formal approval for budget changes that took place because

none had fallen within the terms and conditions requiring the Department of Health, Education, and Welfare's approval. However, he said that the Division was aware of how funds were used. He added that he knows of no requirement to obtain written approvals for budget category transfers.

Division officials said that the employment of additional staff (not provided for in the grant), constituted a change in scope of the grant and the Division should have prepared proper documentation. Also, an Office of Human Development Grants and Contracts Management Division official said that written approval from the Division should have been prepared.

In July 1975 the Assistant Secretary for Human Development ruled that grant regulations, as promulgated by HEW's Office of Grants and Procurement Management, would apply to Head Start grantees. These regulations also do not clearly specify what constitutes a change in scope of a grant or that written authorization is required for project modification.

The corporation received two grant supplements from the Division during the fiscal year 1975 grant period. Division documentation for one supplement of $10,000 stated that the purpose was "To provide training to Head Start staffs on the identification and, reporting and establishment of procedures to deal with child abuse." The purpose of the other supplement of $15,000 was "To provide training to Head Start staffs and parents on the identification, screening and ways of dealing with handicapped children in the classroom and in the home." The budget showed the full amount of these supplements in the "other costs" category.

The corporation's program director said that no training on child abuse or handicap services was provided to local projects from these grant funds and all Indian Head Start projects' directors agreed that none had been received. He also said no detailed written directions were prepared or received from the Division on how the supplemental funds were to be used, even though the child abuse grant supplement stated that a work statement would be supplied after the Division developed guidelines. Instead, the Division and the corporation verbally agreed that the corporation would gather data for the Division to eventually use in developing training programs for Indian Head Start projects.

The corporation's program director could not provide documentation showing the data that was gathered under these supplements because it had been forwarded to the Division. In regard to this, a Division official gave us a brief discussion

paper on child abuse which outlined possible Division approaches to the problem. The corporation provided a final child abuse and neglect and handicapped plan to the Division 7 months after the grant period ended. The plan focused largely on child abuse and neglect.

We could not determine the extent to which specific services were provided under these supplements, because sufficient documentation was not available from the corporation or the Division.

CORPORATION SERVICES PROVIDED UNDER INFORMAL AGREEMENT

Late in fiscal year 1975, Division officials decided to award another $15,000 supplemental grant to the corporation to further the corporation's activities under the grant. Prior to a formal notification of award, a Division official informed the corporation of the additional funds. Because of a change in HEW's grants administration policy, the Office of Human Development Grants and Contracts Management Division later denied the supplement and instructed the Division that such services by the corporation had to be by contract. The corporation, in the interim, had already provided the services.

The Division director said it was considered inappropriate to proceed through the HEW contracts office; instead, the Division awarded a supplemental grant to one of the Offices of Indian Child Services and directed that office to pay up to $15,000 to the corporation. Because the grant's purpose was not precisely defined, the Grants and Contracts Management Division processed the supplemental grant without knowing that the funds were for the payment of services rendered under the corporation's grant. Because of an error in the award of the supplemental grant, the Office of Indian Child Services could not use these funds to pay the corporation. The Division then directed the Office of Indian Child Services to pay the corporation up to $15,000 for documented services with funds left over from its fiscal year 1975 program. The office paid only $6,800 to the corporation because its director felt certain billed services were not adequately documented. The Division director stated that the corporation had to absorb the remainder of the $15,000 as a loss.

USE OF GRANTEE PERSONNEL

Our review of the 1975 grant to the corporation showed that the four field representatives it hired apparently

performed duties normally assigned to Federal employees, thus supplementing Division staffing. Our comparison did not include two other positions funded by the grant. As previously stated, five of these six positions were considered outside the grant's scope.

The approved budget for the 1975 grant provided for one field representative, but the grant narrative did not specify the functions and responsibilities of this position. Four field representatives were actually hired. The duties performed by the field representatives were similar to those outlined in HEW's community representatives' handbook. Community representatives serve as liaison between the Federal Head Start program and local projects and insure that projects comply with program standards. In addition to their oversight responsibilities under the grant for the specialized training effort at the local level, the field representatives also examined other components of Head Start projects to insure performance standards were being met. At Division headquarters, the field representatives processed budget applications, participated in program funding decisions, and performed administrative duties in the Head Start program.

The corporation had little information on the duties performed by the field representatives because they received directions from and reported directly to Division officials. The Division was also involved in hiring these persons, including identifying them and referring them to the corporation.

A Division official said that these persons were used in this manner because of staffing shortages. At the time of our fieldwork, the Division had four full-time Federal employees who served as community representatives for its nationwide program.

CONCLUSIONS

In the above instances, deviations between the corporation's budgeted and actual costs and planned and performed tasks occurred without the Division's written agreement. Instead, the Division verbally authorized changes. In some instances, services were not performed to the extent planned; in others, services beyond those planned were delivered; and in still others, services planned were not provided. We could not determine, and the Division and the corporation could not satisfactorily demonstrate, the extent to which certain services were furnished by the corporation. Because grant terms and conditions do not clearly specify when written authorization is required for project modifications, there was

insufficient documentation to determine the services eventually provided. Furthermore, the Division's reliance on verbal agreements and informal authorizations led it to depart from normal Office of Human Development grant procedures, resulting in a corporation loss of about $8,000 for services provided.

The services provided under the grant by the field representatives were of the type normally provided by Division personnel. Although an apparent need exists for such services and they were found to be usable, it appears that the Division supplemented a perceived staffing shortage by using grantee personnel to perform Division functions.

RECOMMENDATIONS TO THE SECRETARY OF HEW

We recommend that the Secretary of HEW:

--Direct the Deputy Assistant Secretary, Office of Grants and Procurement Management, to revise its grant guidelines to specifically state what constitutes a change in scope of a grant. Such changes should be adequately documented and written approvals obtained to insure the proper execution of and reimbursement for such services.

--Direct the Director of the Office of Child Development to take necessary steps to insure that the grant mechanism is not utilized to meet perceived staffing shortages.

--Direct the Director of the Office of Child Development to take necessary steps to insure that sufficient documentation is maintained on services planned and provided under a grant to permit strengthening of management practices and to provide a basis for evaluating such services.

AGENCY COMMENTS, CORPORATION COMMENTS, AND OUR EVALUATION

Regarding our recommendation for the Office of Grants and Procurement Management to revise its grant guidelines to specifically state what constitutes a change in the scope of a grant, HEW said that because of the broad range of HEW programs, from the most basic research to precisely defined services delivery, it is not feasible nor useful to develop such a Department-wide definition. HEW noted that what constitutes a change in scope depends on the particular grant project and,

therefore, must be dealt with at the individual project level or, in some cases, at the program level.

Based on the diverse nature of HEW's grant programs, we agree that it may not be feasible to revise the grant guidelines to specifically state what constitutes a change in scope of a grant for all HEW programs. However, steps need to be taken to avoid the reoccurrence of situations discussed in this report.

HEW said that a recently published addition to its Grants Administration Manual, detailing grants officers' responsibilities, should go a long way towards minimizing problems of the kind cited. Because program officials have the responsibility to initially identify changes in the scope of a grant, the addition to the HEW Grants Administration Manual could be strengthened by including, in the grants officers' responsibilities, instructions to provide to their program counterparts guidance and/or examples as to what constitutes a change in scope of a grant for that program. As a part of such guidance, program officers' responsibilities for adequately identifying and documenting such changes should be emphasized.

HEW agreed with:

--The second part of the recommendation and said that it plans to implement regulations requiring that changes in the scope of a grant be adequately documented and that written approval be obtained.

--Our recommendation that grantee personnel not be used to meet perceived staffing shortages. Accordingly, HEW stated that the prohibitions against this practice have been reiterated verbally to the Office of Child Development Division heads responsible for administering grants.

--Our recommendation to insure that sufficient documentation is maintained on services planned and provided under a grant. HEW stated that, since the corporation's grant was in operation, the understanding and implementation of the Office of Child Development planning and periodic grantee reporting requirements have been improved within the Division, and, thus, adequate documentation now exists (for current grants). In discussions regarding these comments, HEW stated periodic grantee reports were not required of the

corporation, but would be required for such services in the future.

The Native American Technical Assistance Corporation did not comment on the report's recommendations.

APPENDIX I

HENRY M. JACKSON, WASH., CHAIRMAN
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WILLIAM J. VAN ARSDEL, CHIEF CLERK

United States Senate

COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS
WASHINGTON, D.C. 20510

30 April 1975

B-161468

Mr. Elmer B. Staats
Comptroller General of the
United States
General Accounting Office
Washington, D. C.

Dear General Staats:

I would appreciate receiving your comments on the enclosed letter received from a constituent who makes allegations respecting contracts for services under Department of Health, Education and Welfare programs.

Very truly yours,

Lee Metcalf

Enclosure

Congress of the United States
House of Representatives

JOHN MELCHER
MONTANA—EASTERN DISTRICT
CHAIRMAN—SUBCOMMITTEE ON PUBLIC LANDS

COMMITTEES:
INTERIOR
ENVIRONMENT AND ENERGY
MINES AND MINING
INDIAN AFFAIRS
AGRICULTURE
LIVESTOCK AND GRAINS
FAMILY FARMS AND RURAL DEVELOPMENT
FORESTRY

May 1, 1975

B-164031(1)

Elmer B. Staats
Comptroller General of the United States
General Accounting Office Building
441 G Street, NW
Washington, D. C. 20548

Dear Mr. Staats:

Enclosed is a letter from a resident of Montana who is director of an Indian Head Start program.

Because of the nature of the letter, I have deleted the sender's name and letterhead.

I will appreciate a GAO review of the matter outlined in this letter. There seems to be two distinct problems: one is the attitude of federal agencies felt at the local level with regard to outside contracting firms and the other is, of course, the question of relevancy of the services these firms are supposed to be providing.

Thank you for any assistance you can offer that will help me in replying to my constituent.

Best regards.

Sincerely,

John Melcher

Enclosure

1224 LONGWORTH BUILDING WASHINGTON, D.C. 20515 (202) 225-1555

COMPARISON OF CORPORATION BUDGET WITH ACTUAL EXPENDITURES

According to unaudited financial records, the corporation had incurred expenses of $197,476 at the time of our field-work. We did not verify the accuracy of the corporation's financial records. A summary of these expenditures follows.

	Budgeted	Actual expenditures
Salaries:		
Salaries/corporation based employees	$ 24,715	$ 21,546
Salaries/consulting fees for personnel working out of Division headquarters	12,899	56,574
Accrued leave	-	3,861
Fringe benefits	4,111	4,187
Consultants:		
Child Development Associate facilitator/trainers	39,996	19,500
Bookkeeping services	1,320	905
Audit fee	400	-
Travel:		
Consultants to seminars	10,000	-
Consultants to seminars and consultant fees	-	10,678
Seminar participants - Child Development Associate facilitator/trainers and Head Start Staff travel	44,808	25,749
Corporation-based employees' travel	-	13,062
Division-based employees' travel	-	21,571
Other consultant and travel fees	-	5,856
Space costs and rentals	7,200	8,629
Consumable supplies	2,500	3,000
Rental, purchase of office equipment	3,500	2,064
Contingency fund	6,104	-
Miscellaneous expenditures	-	294
Child abuse and neglect supplement	10,000	-
Handicapped supplement	15,000	-
Unawarded supplement	15,000	-
Total	$197,553	$197,476

LIST OF NATIONAL HEAD START TRAINING AND TECHNICAL ASSISTANCE PROVIDERS DURING FISCAL YEARS 1974 AND 1975

For fiscal years 1974 and 1975 the Career Development and Technical Assistance Division, Head Start Bureau, was allocated $19.15 million each year to provide training and technical assistance. Of that amount, over three-fourths was allocated each year to the regional offices for training and technical assistance services and funds to local Head Start projects. The remainder was used by headquarters to award contracts and grants. Projects of national significance are listed below.

Name of contractor and/or grantee	Period of performance	Award	Description
American Academy of Pediatrics	1/16/75 to 1/15/76	$1,700,000	Provide training and technical assistance to grantees on medical care; children with handicapped conditions; and the Early and Periodic, Screening, Diagnosis and Treatment program.
	3/15/74 to 1/15/76	1,472,176	
	6/30/73 to 3/31/74	515,000	
American Dietetic Association	6/30/73 to 8/31/74	110,000	Develop technical assistance plan for nutrition services in each region; implement performance standards.
	2/ 1/73 to 1/31/74	3,897	Training and technical assistance program.
American Psychological Association	6/30/73 to 6/29/74	150,000	Mental health consultants to identify and utilize mental health resources at regional and local levels and assist with compliance with performance standards.

Name of contractor and/or grantee	Period of performance	Award	Description
Associate Control Resource and Analysis, Inc.	4/ 1/74 to 11/ 1/74	$ 95,469	Survey Head Start printed materials.
Black Analysis, Inc.	1/ 1/75 to 12/31/75	167,446	Training of early childhood research staff at doctoral level among minorities.
	10/ 1/73 to 12/31/74	135,000	
	12/15/71 to 9/30/73	134,900	
Black Child Development Institute	6/30/75 to 6/29/76	60,000	Black colleges in the country concentrating on developing and furthering development of early childhood education with emphasis on Child Development Associate program.
Child Development Associate Consortium, Inc.	6/30/75 to 6/29/76	1,043,310	Over 30 national organizations responsible for developing assessment and credentialing system for Child Development Associate program. Provide technical assistance to regions regarding Head Start supplementary training effort and Child Development Associate assessment procedures, etc.
	6/30/74 to 6/29/75	1,000,144	
	6/30/73 to 6/29/74	1,032,000	
Children First	6/30/74 to 6/30/75	179,508	Training and technical assistance for Child Family Resource programs and Home Based Training programs.

Name of contractor and/or grantee	Period of performance	Award	Description
Communication Research Laboratories, Inc.	6/28/74 to 9/27/75	$ 91,275	Provide technical assistance to 14 experimental programs for handicapped children.
Council for Exceptional Children	6/29/74 to 6/28/75	113,112	Develop training materials and conduct regional workshops for staff working with handicapped children and integrating them into regular Head Start classrooms.
	6/30/73 to 6/29/74	116,159	Identify and mobilize public and private resources to implement services; develop new materials and training in regions.
Development Associates, Inc.	6/28/74 to 9/30/75	194,410	Training and technical assistance on Head Start performance standards and cost analysis of Head Start.
Dingle Associates, Inc.	6/30/74 to 6/30/75	184,956	Training and technical assistance for Child Family Resource Program and Home Start.
Educational Projects, Inc.	6/30/69 to 9/30/74	4,200,000	Provide training and technical assistance to Head Start supplementary training institutions and conduct an assessment in implementing the Head Start supplementary training policy.
Educational Testing Services, Inc.	6/12/75 to 6/12/65	24,453	Collect, store, and disseminate Head Start tests.

Name of contractor and/or grantee	Period of performance	Award	Description
Far West Laboratory, Inc.	3/ 1/73 to 2/28/74	$ 25,000	Seven training units for use by Child Development Associates and similar programs; training in methods of developing own training materials.
High/Scope Educational Research Foundation	2/ 1/73 to 6/30/74	174,970	Provide technical assistance to Head Start supplementary training institutions (through regional offices), to assist in adapting to Child Development Associate Training (work with six Child Development Associate pilots).
Huron Institute	6/30/75 6/29/76	359,999	Provide technical assistance to 15 experimental Developmental Continuity projects.
	6/29/74 to 9/30/75	291,214	Support services to provide technical assistance including the development of special materials for 14 local Developmental Continuity projects.
	6/30/73 to 11/30/74	230,142	Support services on planned variation.
ICF, Inc.	11/29/73 to 6/29/74	37,420	Feasibility study for developing Office of Child Development capacity to assist general purpose Government officials; regarding Office of Child Development information and resources

Name of contractor and/or grantee	Period of performance	Award	Description
Inter-America Research Associates, Inc.	6/ 1/75 to 5/31/76	$ 69,969	Management assistance to migrant health programs.
	6/30/74 to 10/31/75	121,229	Identify and develop bilingual and bicultural early childhood development materials.
Judge Baker Child Guidance Clinic	6/30/74 to 9/30/75	249,396	Develop a series of testing instruments for Head Start children to assess developmental needs of individual Head Start children. Also design materials and guidelines on staff use in implementing an individual program for each child.
	6/30/73 to 6/29/74	200,232	
Kirschner Associates, Inc.	6/29/74 to 9/15/75	99,870	Provide planning and management assistance to Office of Child Development in implementing strategy to help general purpose governments to build capacity to deliver children's services.
	6/28/74 to 8/29/75	190,616	Evaluation of Head Start training and technical assistance.
Modern Talking Pictures, Inc.	1/ 1/75 to 8/31/75	70,000	Provide for distribution services for Head Start films and film materials to Head Start programs, theaters, and television.
	12/14/73 to 12/15/74	100,000	
	12/14/72 to 12/14/73	140,173	

Name of contractor and/or grantee	Period of performance	Award	Description
National Capital Area Child Day Care Association	6/29/73 to 6/28/74	$ 619,647	Provide training and technical assistance regarding planning, evaluation, community organization to regional offices, States, and local programs.
National Planning Associates, Inc.	8/ 1/72 to 8/31/73	166,221	Evaluate criteria for the Child Development Associates and deliver a report on program development.
O'field Dukes & Associates, Inc.	6/15/73 to 6/30/74	29,661	Devise a public communications strategy to aid Office of Child Development in achievements of programmatic goals in Head Start handicapped program by producing greater public understanding and support of program.
	7/19/72 to 8/31/73	25,000	Design and implement a public information strategy for Child Development Associate program.
Planning and Human Systems	6/29/74 to 6/29/75	59,825	Provide management training to Head Start programs serving migrant children.
J. A. Reyes Associates, Inc.	2/26/73 to 8/24/73	73,000	Review and improve Head Start training and technical assistance missions and procedures.
Roy Littlejohn Associates, Inc.	9/24/73 to 9/24/74	435,542	Provide for consultant services to Office of Child Development.

Name of contractor and/or grantee	Period of performance	Award	Description
Social Dynamics, Inc.	4/ 5/74 to 11/30/75	$ 694,538	Provide specialists who will give training and technical assistance to grantees, especially Indian and Migrant Programs Division and Parent Child Centers.
	12/ 1/72 to 10/31/73	85,661	Monitor trend analysis and logistical support to five Head Start grants.
Technical Assistance Development System, (TADS) University of North Carolina	6/30/73 to 6/29/74	70,026	Implement needs assessment comprehensive program planning and evaluation system, write project descriptions to serve as models, produce kit on former to introduce at regional workshops for grantees. Serve 14 demonstration handicapped projects.
Thompson and Lewin Associates, Inc.	1/31/73 to 1/31/74	139,947	Head Start improvement and innovation program.
Transcendental Corporation	12/ 9/74 to 2/28/75	45,847	Manually process handicapped survey data.
	5/31/73 to 6/30/74	32,000	Consultant technical assistance to Child Child Family Resource Program sites. Technical assistance in national planning of program structure and administration. Preparation and dissemination of resource materials.

Name of contractor and/or grantee	Period of performance	Award	Description
Unidos Management Associates, Inc.	6/30/74 to 6/30/75	$ 39,844	Plan and conduct two workshops for Child Development Associate pilot training programs and local Head Start personnel.
U.S. Public Health Service	7/ 1/74 to 6/30/75	425,000	Interagency agreement covering dental services for Head Start programs.
	7/ 1/73 to 6/30/74	425,000	
University of Illinois--Educational Resources Information Center (ERIC)	6/ 1/73 to 7/31/74	31,264	Provide early childhood education and preschool information as requested by local, regional offices, national offices, and State training offices staffs and distribute monthly Educational Resources Information Center/Early Childhood Education newsletter to some groups.
University Research, Inc.	6/28/74 to 7/28/75	246,646	Develop curriculum materials for Head Start supplementary training/Child Development Associate and hold regional workshops on Child Development Associate.
Urban Research Group, Inc.	6/30/74 to 11/28/75	54,694	Compile data analysis for 13 Child Development Associate training programs and elicit information regarding implementation of Child Development Associate training in Head Start supplementary training programs.

APPENDIX IV

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20201

SEP 8 1976

Mr. Gregory J. Ahart
Director, Manpower and
Welfare Division
United States General
Accounting Office
Washington, D.C. 20548

Dear Mr. Ahart:

The Secretary asked that I respond to your request for our comments on your draft report entitled, "Review of a Corporation's Services to Indian Head Start Grantees." The enclosed comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

We appreciate the opportunity to comment on this draft report before its publication.

Sincerely yours,

~~John D. Young~~
Acting Assistant Secretary, Comptroller

Enclosure

APPENDIX IV

DEPARTMENT OF HEALTH, EDUCATION AND WELFARE COMMENTS ON THE GENERAL ACCOUNTING OFFICE'S DRAFT REPORT "REVIEW OF A CORPORATION'S SERVICES TO INDIAN HEAD START GRANTEES"

GAO RECOMMENDATION

That the Office of Child Development be directed to insure that the Division's review of its specialized and general training and technical assistance programs, include an evaluation of the most effective method of providing assistance in implementing the specialized training and technical assistance program and that the findings of the evaluation are implemented.

DEPARTMENT COMMENT

We concur with the need for such an assessment. The Division is currently conducting an assessment of its specialized training program. Based on the assessment, conclusions will be reached regarding the extent to which assistance in implementing the specialized training program is needed and the best method for delivering such assistance. These conclusions will form the basis for FY '77 operating plans.

During FY '77 a further evaluation will be made of the need for assistance in this area. We feel that the assessment procedures currently being implemented within the Division will be adequate to complete this task.

GAO RECOMMENDATION

That the Office of Child Development be directed to take the necessary steps to insure sufficient documentation is maintained on services planned and provided under a grant to permit strengthening of management practices and to provide a basis for evaluating such services.

DEPARTMENT COMMENT

We concur with the need for maintaining documentation of the type recommended. We feel that adequate procedures for maintaining and utilizing documentation on grant operations now exist within the office.

For training and technical assistance grants there are standard periodic grantee reporting requirements which are used by headquarters and regional offices. There is also an existing OCD Staff Instruction which prescribes requirements for training and technical assistance planning. These requirements include the provision of statements of planned services and a process for evaluating services provided.

In the time since the NATAC grant was in operation the understanding and implementation of these reporting requirements have been improved within the Division. We believe that the Division's grant administrative practices are now adequate to prevent significant deviations from the original intended use of funds without prior approval, and that adequate documentation now exists for evaluating the services provided. However, contracts provide for a much clearer articulation of tasks, control of funds, and reports, and if problems persist in this area, the decision could be made to use contracts as the award instrument.

GAO RECOMMENDATION

That the Office of Child Development be directed to take necessary steps to insure that the grant mechanism is not utilized to meet perceived staffing shortages.

DEPARTMENT COMMENT

We concur and have taken steps to insure that the grant mechanism is not being used to meet staff shortages. This has not been a wide-spread practice within the office and has not, to our knowledge, recurred.

The prohibitions against this practice are sufficiently clear and have been reiterated verbally to Division heads responsible for the administration of grants. We are confident that this policy is now understood and will continue to be adhered to.

GAO RECOMMENDATION

(1) That the Office of Grants and Procurement Management be directed to revise its grant guidelines to specifically state what constitutes a change in the scope of a grant.

(2) Also that such changes should be adequately documented and written approvals obtained to insure the proper execution of and reimbursement for such services under the grant.

DEPARTMENT COMMENT

(1) We do not believe that a Department-wide definition would be useful or even feasible. The very broad range of HEW programs, from the most basic research to precisely defined services delivery, precludes such a definition. What constitutes a change in scope depends on the nature of the particular grant project, and the degree of flexibility or discretion that the grantee is intended to have in carrying out that particular project. This must be dealt with at the individual project level, or perhaps in some cases at the program level. The greater the variety of projects to be encompassed, the less feasible a single overall definition.

The particular Department-wide "guideline" that seems to concern GAO here is found at 45 CFR 74.102 (b) (1). That provision is a verbatim repeat of provision 3.a. in Attachment K, "Budget Revision Procedures," of Federal Management Circular 74-7. The circular itself was originally published as OMB Circular N. A-102, and is of Government-wide applicability.

HEW is in much the same position as was OMB when it first developed that provision. Dealing with a broad range of programs across the Government, OMB did not attempt to define what constitutes a change in the scope or objectives of a grant-supported activity.

The provision in question is merely cautionary in the context of a policy on budget revision: expenditures for purposes outside the project scope or objectives are disallowable irrespective of whether they are reflected in budget line transfers.

In any case, whether the problem underlying GAO's recommendation is one of budget administration or project definition, the issue seems to be one of operations rather than policy. On the operational front, the Department, through OGPM, has recently taken a major initiative by publishing in the HEW Grants Administration Manual new Chapter 1-03, "Grants Officer Responsibilities in the Administration of Discretionary Grants." This chapter, when fully implemented by OHD and other grant-making components of the Department, should go a long way towards minimizing problems of the kind GAO refers to.

(2) We agree with this portion of the recommendation. We plan to implement it in the next package of amendments to 45 CFR Part 74.